

## CONTRACT LAW IN THE FIELD OF SPORTS: ITS NECESSITY

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### ABSTRACT

*Contracts in sports aren't any different than the usual contracts one has every day. One of the fastest-growing industries in education is Sports in India. The sports industries are leading the country's employment and revenue source. Around 600 billion USD is estimated as the total worth of the sports industry in India by 2022.<sup>1</sup> Around half the amount of \$300 billion USD is roughly being generated by the spectators of competitive competition. And the rest are generated by the bigger companies by selling sports goods & apparel and some by media distribution & clubbing franchises.*

**Keywords:** Contract, Capitalist, Sponsors, Sports Business, Breach of contract.

### INTRODUCTION

Sports are classified as the widest way of entertainment, in which one with effort and aptitude each player competes against the other. Sports in today's time left not only as a physical activity which has effort and aptitude but rather became a business of bigger companies and leading players of teams. Sports has grown as a highly profitable business which brings many investors who are looking for investing the good handsome amount of money for great profit in return. The development of sports in the state region came under the State Government and The international, as well as national level sports development, comes under the Union Government.

#### 1.1. Business in Sports:

Business in every competitive sport has become an integral part of it. The commercial aspect of organizing any sport is the profit maximization of investors<sup>2</sup>. Making foreign athletes play domestic athletes in another sense act as inviting the big companies to invest in those athletes or sports and in return achieving a profitable business goal. The commercial aspect of sports is

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<sup>1</sup> BusinessWire Article published on 14<sup>th</sup> May 2019.

<sup>2</sup> 36 THE PROS AND CONS OF CHINA BUSINESS REVIEW 2011,

<https://www.investopedia.com/articles/fundamental-analysis/12/pros-cons-investing-sports.asp>

administered by the contract law and its obligations. As endorsements deals, ventures, sponsors, licensing, etc., have made nowadays sports also be called Organised Sports.

## **ROLE OF CONTRACT IN SPORTS**

A contract is a legal ground of most diverse categories, between several legal branches including Sports. Contract in sports is as professional athletes getting his/her compensation for the service S/He given. All these contracts against the services are in the nature of a Personal Service Contract.<sup>3</sup> But there are some contracts that are public in nature. These contracts are important for a particular community or team as each team or group of players has a financial and emotional interest in it. The laws of the contract are the foundation of sports law in India. Its importance mainly lies when there is a cooperation between contract and law.

A range of these types of contracts lies between a club and a player, a company and an athlete, an athlete and a federation, an athlete sponsorship contract, or an athlete's insurance contract with an insurance company.

### **2.1. Principal of Sports Contract:**

A Contract is an agreement enforceable by law, between two or more two parties. It represents that the parties are in consensus ad idem nature. The same is validated in the sports contract. In sports contracts five elements are important to have in those kinds of contract for making them binding and enforceable by law:

- An agreement between 2 parties.
- The parties must be competent.
- There must be some legal considerations.
- A contract made for a lawful object.
- The law in no sense disqualifies the formation of the contract.

Most of the contracts in the sports industry are expressed contracts to avoid later disputes.

### **2.2. Contracts in Sports:**

In sports, the contract is of three categories:

- ❖ Professional Service Contract/ Personal Service Contract

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<sup>3</sup> <https://sportslaw.uslegal.com/sports-agents-and-contracts/sports-contracts-basic-principles/>

- ❖ Endorsement Contracts
- ❖ Appearance Contracts

***The Professional Service Contract:*** -<sup>4</sup> The contract is usually offered to that athlete or athletes who are involved in a league with the players Association, which guarantees to reward the individual or the team with bonuses other than their salaries.

***Endorsement Contracts:*** - In an endorsement contract, there is a relationship between a contractor and an independent contractor. It is a contract in which the sponsor uses the name and image of an athlete for advertising his products or services.

***Appearance contract:*** - An appearance contract is for the athletes who give his/her service by appearing in public gatherings, camps, tournaments, etc. They get the compensation or the charges S/He demands for appearance.

## ESSENTIALS FOR A SPORT CONTRACTS

A sports contract in India is similar to a general express contract according to Indian Contract Act. In sports contracts also there are two competent parties with free consent, and lawful consideration makes a legally binding contract<sup>5</sup>. The difference is in this contract one party is a sportsman or a person representing a team or the entire team agrees to perform certain actions<sup>6</sup> for the other party and in consideration gets back a lawful object.<sup>7</sup>

According to Section 2 of ICA, it was stated that in any contract there should be an offer which is signifying the desire of one party for another party. According to Section 9 of ICA, the proposal or acceptance should be made either in written or oral form<sup>8</sup>. The written form is widely accepted in sports contracts as it contains clear information & clauses and if any dispute arises, then it is easier to resolve it. It is also easier for both parties to work accordingly.

The sports agent also acts as an important part of a sports contract. They are essential for any kind of negotiation or securing a contract for athletes. They are professional lawyers or legal

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<sup>4</sup> <https://www.yourlegalcareercoach.com/types-of-contracts-under-sports-law/>

<sup>5</sup> Section 10 of Indian Contract Act, 1872

<sup>6</sup> Act which should be declared fully in the contract.

<sup>7</sup> The lawful object/ consideration can be in Kinds or amount.

<sup>8</sup> The written contracts or oral contracts are also termed as Express Contract as these types of contract are expressed by the use of word, letters and sentences either orally or in written form.

representatives who are trained specially in the fundamentals of contracts and knew about the rules and laws of the governing body of sports.

According to section 23 of ICA, the most crucial section for a sports contract that is *consideration or object needs to be lawful*. If any sports contract has unlawful consideration or violates any rule of the sports, then that contract becomes void.

### **TERMINATION OF A CONTRACTUAL RELATION**

The contractual relationship can be terminated legally before the duties or obligation gets performed by the sportsperson. Contracts related to sports can be terminated because of any reason but it will revolve mainly around 3 points that's

- Because of a material breach
- Because of the non-fulfillment of any action
- Because of the doctrine of Frustration

These contracts can get terminated only by an expressed agreement. A contract termination in the sports industry is based on the precedent of termination set by the Indian judiciary and ICA.

### **REMEDIES IN SPORTS CONTRACTS**

Some remedies are given and guaranteed by the SRA, 1963. Specific Performance relief is given to those cases of contractual relationships in which the court finds it difficult to give compensation. This relief is an equitable and discretionary remedy.

The court gives this remedy to the other party because

- While this contract was made it wasn't left as an ordinary contract.
- According to Specific Relief Act, the Specific performance act is a primary remedy in case of any breach took place.

### **CONCLUSION**

In this modern world, a sport or a competition is not left as what it was in olden times. With the change of years in calendars, the rule of the sport also changed. Although a contract related to sport context is a great matter of challenge. Different sports have specified features. With the use of modern technologies and modern ideas, sports competition has become more and

more advanced and every part of any sport needs consent and evidence. The contractual relations between parties are non-stoppable. Contracts between an individual player with different channels or with sponsors or an entire team contract with a big manufacturing company or industrialist or making with the capitalist. A contract in written form act as evidence for both parties for terms related to money, rules, or failure of any contract. Contracting with the parties related to sports are legally enforceable and valid<sup>9</sup> as in this one party shows his desire (offer) to fulling an act and in return, the sportsperson gets legal consideration. This makes it legal. The sports inherent feature that every sport has a different set of rules separates it from economic as well as a social activities. A separate body and set of rules are required for its governance and contractual agreements.



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<sup>9</sup> Valid only if it fulfils all the conditions which make an agreement a valid contract